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**UNITED STATES DISTRICT COURT  
DISTRICT OF NEW JERSEY**

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UNITED STATES OF AMERICA

: **CRIMINAL COMPLAINT**

-v-

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: Mag. No. 13-2558  
:  
:  
:

KAMAL J. JAMES and  
CRYSTAL G. HAWKINS

I, Jonathan C. Helmstetter, being duly sworn, state the following is true and correct to the best of my knowledge and belief:

**SEE ATTACHMENT A**

I further state that I am a Special Agent with the Internal Revenue Service, Department of the Treasury, Criminal Investigation, and that this complaint is based on the following facts:

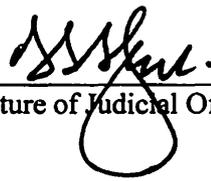
**SEE ATTACHMENT B**

continued on the attached pages and made a part hereof.

  
\_\_\_\_\_  
Jonathan C. Helmstetter, Special Agent  
Internal Revenue Service  
Department of the Treasury  
Criminal Investigation

Sworn to before me and subscribed in my presence,  
October 21, 2013 in Mercer County, New Jersey

HONORABLE DOUGLAS E. ARPERT  
UNITED STATES MAGISTRATE JUDGE

  
\_\_\_\_\_  
Signature of Judicial Officer

**ATTACHMENT A**

From at least as early as October 2011, through in or about October 2013, in the District of New Jersey and elsewhere, defendants

**KAMAL J. JAMES and CRYSTAL G. HAWKINS**

did knowingly and intentionally conspire and agree with each other and others to defraud the United States by obtaining and aiding each other and others to obtain the payment and allowance of false, fictitious and fraudulent claims, namely, false United States Individual Tax Returns, Forms 1040, contrary to Title 18, United States Code, Section 287.

In violation of Title 18, United States Code, Section 286.

## **ATTACHMENT B**

I, Jonathan C. Helmstetter, am a Special Agent with the Internal Revenue Service, United States Department of the Treasury, Criminal Investigation. I have knowledge of the following facts based upon both my investigation and discussions with other law enforcement personnel and others. Because this affidavit is being submitted for the sole purpose of establishing probable cause to support the issuance of a complaint, I have not included each and every fact known to the government concerning this matter. Where statements of others are set forth herein, these statements are related in substance and in part. Where I assert that an event took place on a particular date, I am asserting that it took place on or about the date alleged.

### **Relevant Individuals and Entities**

1. At all times relevant to this Complaint:

a. Release Refunds or Release Refunds 9 (hereinafter, "Release Refunds") was a purported tax return preparation business based in Brick Township, New Jersey and then Seaford, Delaware. According to certain of its promotional materials, Release Refunds specialized in "getting tax refunds for inmates released from prison." Release Refunds claimed to be "an independent tax preparation service and not the IRS." Release Refunds began filing tax returns in or around 2012 and continued filing returns into 2013.

b. Kamal J. James, also known as "Bro Messiah Aziz El" (hereinafter, "JAMES"), was an individual who resided in or around Seaford, Delaware and in or around Manassas, Virginia and was a principal of Release Refunds.

c. Crystal G. Hawkins, also known as "Sis. Crystal Gabri El" (hereinafter, "HAWKINS"), was an individual who resided in or around Seaford, Delaware and purported to be a tax return preparer and principal of Release Refunds. Hawkins also resided in or around Lakewood, New Jersey.

### **Overview of the Scheme**

2. From in or around October 2011 through in or around October 2013, defendants JAMES and HAWKINS conspired to defraud the United States out of millions of dollars by filing thousands of fraudulent tax returns on behalf of current and recently released prisoners from various New Jersey prisons. JAMES and HAWKINS used Release Refunds, their purported tax preparation business, as a vehicle to carry out the scheme. Throughout the course of the conspiracy, JAMES and HAWKINS followed the same general pattern to execute the scheme. In broad terms:

a. JAMES and HAWKINS first sent Release Refunds promotional flyers to inmates at various New Jersey prisons offering tax return preparation services. Enclosed with each flyer was a form requesting the inmate's personal and prison information. The form did not ask for information regarding wages that the inmate had earned while incarcerated, or income taxes withheld from such wages.

b. Upon receiving the form from an inmate, HAWKINS and JAMES sent the inmate an invoice, blank individual income tax returns and other IRS forms, and an instruction sheet advising the inmate to sign the returns, but not to fill out any information on the returns or the other IRS forms.

c. Upon receiving the signed tax return(s) and IRS forms from the inmate, HAWKINS and JAMES then caused the return(s) to be filed containing wage and withholding figures that were entirely fabricated, to generate fraudulent refunds. HAWKINS and JAMES then deposited into bank accounts that they controlled at least one fraudulent refund for each inmate for whom they filed tax returns. After receiving the refunds, HAWKINS and JAMES sent the inmates their portion of the refunds while keeping their return preparation "fee."

3. In total, JAMES and HAWKINS caused approximately 2,432 fraudulent tax returns to be filed during the relevant time period, claiming approximately \$4,402,288 in improper refunds of which the United States paid approximately \$1,779, 910.16.

#### **Soliciting the Inmates – The Release Refunds Flyers**

4. As noted above, JAMES and HAWKINS solicited "clients" for Release Refunds by, among other things, disseminating flyers to inmates in state prisons in New Jersey. The heading of each flyer listed Release Refunds, its business address in Brick, New Jersey or Seaford, Delaware, and a telephone number later determined to be HAWKINS' home telephone number. Among other things, each flyer stated: "Congratulations! We heard you're on your way home. We know you're excited and ready to get back into society. What better way to begin then with a little extra cash...Whoever thought being in prison could get you some cash!" The flyers further stated that "[a]ll fees are taken directly from your return refund of the current year. All other [refunds] are mailed directly to you from the IRS." The flyers contained a "terms and conditions" section which, among other things, claimed that to participate, the inmate had to have received inmate wages for one year, not be subject to wage garnishment, and not be receiving state pay. The flyers were signed, "Best Regards, Bro. Messiah Aziz El, CEO, Sis. Crystal Gabri El, CFO" and stated, "[p]lease address all reply mail to: Release Refunds, c/o C. Hawkins."

5. Attached to each flyer was a form requesting certain information from the inmate, including his or her name, social security number, employment while incarcerated, and tax years for which the inmate wished to have returns prepared. The tax years included the current tax year (2012), 2011, and the two previous tax years, 2010 and 2009. The inmate filled out the client form and mailed it to a Release Refunds Post Office box that JAMES and HAWKINS controlled in Brick, New Jersey and then in Seaford, Delaware.

6. Upon receiving the completed client form, JAMES and HAWKINS sent back to the inmate documents required to complete the return preparation process. These documents included a Release Refunds invoice which contained the specific amount of the inmate's income tax refund for each year, as well as the amount that Release Refunds would take out of the refunds as their twenty-five percent "preparation fee." The documents also included individual

income tax returns and other required IRS forms, including Forms 4852 - Substitute for W-2 ("Forms 4852"), for each year of return preparation.

7. Notably, the returns and the forms sent to the inmates contained only the taxpayer and the preparer information, but did not include any dollar amounts, income figures, or other related entries. In addition to the invoice and the tax return documents, JAMES and HAWKINS sent the inmate a letter with instructions for completing the forms. The letter stated, among other things: "Please sign all IRS Forms. Please do not fill out any information on the IRS forms other than your signature. Please send them back to Release Refunds so that we can prepare your refund for those following years."

### **The Fraudulent Tax Returns**

8. Upon receiving the signed blank tax returns and IRS forms, JAMES and HAWKINS prepared and filed the tax returns, fabricating the wages and withholding amounts on the Forms 4852. As a result of the false information that JAMES and HAWKINS provided, the inmates qualified for certain tax credits which produced improper refunds to which they were not entitled. Based upon information provided by the New Jersey Department of Corrections ("NJDOC"), and other information obtained in the investigation, law enforcement has determined that the inmates for whom JAMES and HAWKINS prepared and filed tax returns did not earn the wages or incur the withholding amounts that were reported on the returns.

9. To determine the number of fraudulent tax returns that JAMES and HAWKINS filed, law enforcement reviewed returns that were: (1) filed using HAWKINS' Preparer Tax Identification Number ("PTIN") and with HAWKINS' signature as the tax preparer; (2) electronically filed from JAMES' and HAWKINS' residences as confirmed by internet protocol ("IP") address records; and (3) filed in paper form using JAMES' residence in Manassas, Virginia as the taxpayer address. Law enforcement also reviewed tax returns that listed bank accounts that JAMES and HAWKINS controlled as the accounts into which to receive direct deposits of third-party refunds. Based upon this and other information obtained in the investigation, law enforcement determined that in 2012 and 2013, JAMES and HAWKINS caused approximately 2,432 fraudulent tax returns to be filed for tax years 2009 through 2012. JAMES and HAWKINS claimed approximately \$4,402,288 in fraudulent refunds, of which the United States paid approximately \$1,779, 910.16. The majority of these returns were filed on behalf of inmates in prisons located in New Jersey.

### **The Release Refunds Bank Accounts and the Proceeds of the Scheme**

10. In furtherance of the scheme, JAMES and HAWKINS opened numerous bank accounts in their individual names and business accounts in the name of Release Refunds (the "Release Refunds Bank Accounts"). Bank records establish that JAMES and HAWKINS used the Release Refunds Bank Accounts to, among other things: receive the fraudulently-obtained third-party refund checks from the United States Department of the Treasury (the "Treasury"); pay inmates the remaining portion of their return for the current tax year;<sup>1</sup> and pay referral fees to other inmates who steered new clients to Release Refunds.

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<sup>1</sup> For most inmates, JAMES and HAWKINS filed tax returns for several tax years. After the most current

11. Bank records further reveal that JAMES and HAWKINS made hundreds of thousands of dollars in illegal profits through the scheme, which they spent on various personal expenses including, but not limited to, vacations, residential rental payments, and purchases at restaurants and liquor stores. The investigation revealed that neither JAMES nor HAWKINS had a lawful source of employment during the time period of the conspiracy.

### **The Undercover Operation**

12. On or about April 5, 2013, an undercover law enforcement agent portraying himself as a prisoner incarcerated in a New Jersey prison (the "UC") completed the Release Refunds client form and sent it to Release Refunds at its PO Box in Seaford, Delaware (the "Delaware PO Box"), per the instructions on the flyer. The UC sought tax preparation services for tax years 2010 through 2012. Shortly prior to submitting the form to Release Refunds, law enforcement added a photograph of the UC and his undercover identity to the directory of inmates maintained by the NJDOC. The directory is accessible by the public through the NJDOC website.

13. On or about May 2, 2013, the UC received an invoice in the mail from Release Refunds. Release Refunds listed the Delaware PO Box as its return address. As with prior invoices reviewed in the investigation, this invoice set forth the amount of the UC's income tax refund for each year, as well as the amount that Release Refunds would charge as the "preparation fee." According to this invoice, the UC would receive refunds in the amounts of \$1,758 for tax year 2012; \$1,691 for tax year 2011; and \$2,103 for tax year 2010. Release Refunds' fee was listed as \$1,485.10.

14. Consistent with the scheme as described above, the documents that JAMES and HAWKINS sent the UC also included individual income tax returns and other required IRS forms, including Forms 4852, for each year of return preparation, and a letter from Release Refunds with instructions for completing the forms. The returns and the forms sent to the UC contained only the taxpayer and the preparer information and did not include dollar amounts, income figures, or other related entries. The instruction letter that the UC received stated: "[p]lease sign all documents and return them to Release Refunds so that we may prepare your returns for the requested tax years. Please review the name, address and social security number on the return forms for accuracy and advise us on a separate piece of paper if any changes need to be made." The letter ended, "Best regards" and listed "Messiah Aziz El" and "C. Hawkins, Independent Tax Preparer."

15. On or about May 8, 2013, the UC signed the blank tax returns and Forms 4852 and mailed them to Release Refunds at the Delaware PO Box.

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year's refund was direct deposited from the Treasury to one of the designated bank accounts controlled by JAMES, JAMES would deduct all prior years' tax return preparation fees from the current year's refund and write out a business check to the inmate for the remaining portion of the fraudulent refund. JAMES would personally sign these checks. The refunds for prior years' fraudulent returns, 2009 through 2011, were paid out to the inmates by the IRS in the form of paper Treasury checks to the addresses listed on their tax returns.

16. In or around July and August 2013, JAMES and HAWKINS caused three tax returns for years 2010 through 2012 to be filed with the IRS in the name and social security number of the UC. All three returns listed HAWKINS as the tax preparer and included her PTIN. The returns indicated that the UC was due refunds of \$1,758 for tax year 2012, \$1,691 for tax year 2011, and \$2,103 for tax year 2010. These refund amounts were the same refund amounts provided on the Release Refunds invoice that HAWKINS and JAMES had previously sent the UC. In addition, the UC tax returns falsely claimed that:

- In tax year 2012, the UC had earned wages in the amount of \$9,345 and had withholdings in the amount of \$1,402.
- In tax year 2011, the UC had earned wages in the amount of \$11,468 and had withholdings in the amount of \$1,720.
- In tax year 2010, the UC had earned wages in the amount of \$9,167 and had withholdings in the amount of \$1,375.

The UC did not incur these figures and never provided them to JAMES and HAWKINS. Instead, JAMES and HAWKINS simply made up the numbers to generate three more fraudulent refunds and more illicit proceeds.

17. In or around September 2013, the UC received a package from Release Refunds and a copy of a Release Refunds invoice containing the amounts of the UC's income tax refunds for each year as well as the amount of Release Refunds' fee. The package also contained a business check written to the UC from one of the Release Refunds Bank Accounts in the amount of \$282.00. The check was signed by JAMES and the memo on the check read "Tax Balance." This check represented the balance of the UC's 2012 return check after JAMES and HAWKINS deducted their fee for preparing all three of the UC's tax returns.

18. In or around September 2013, the UC received a Treasury check in the amount of \$1,700.06 from the IRS for the 2011 tax return that JAMES and HAWKINS caused to be filed. Likewise, in or around October 2013, the UC received another Treasury check in the amount of \$2,120.36 from the IRS for the 2010 tax return that JAMES and HAWKINS caused to be filed.